MULTIMEDIA UNIVERSITY *

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2022/2023 (TERM ID 2215)

PAT0074 – INTRODUCTION TO FINANCIAL ACCOUNTING

(Foundation in Business)

20 FEBRUARY 2023
2.30 p.m. - 4.30 p.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **SIX** pages with **FOUR** questions.
2. Answer **ALL** questions. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

STRUCTURED QUESTIONS (100 MARKS)

Instructions: Answer **ALL** questions. Write all your answers in the answer booklet provided.

QUESTION 1

Part A

Jackson owns a photographic business. For each of the items below, indicate whether it is a revenue expenditure or capital expenditure.

a) New lighting equipment
b) Cost of installing new lighting
c) Repairs to camera and enlarger
d) Business liability insurance
e) Utilities of studio

(5 marks)

Part B

The financial year of Nazrin's engineering business ends on 31 August. On 1 September 2021 balances in Nazrin's ledger included the following:

Equipment	RM40,000 (Debit balance)
Accumulated provision for depreciation of equipment	RM15,000 (Credit balance)

You are given the following further information.

1) Nazrin depreciates his equipment using straight-line method at the rate of 10% per annum on cost. Depreciation on new equipment is calculated from the date of purchase, based on monthly ownership.
2) Additional equipment purchases during the year ending 31 August 2022 were:

1 September 2021	RM30,000
1 March 2022	RM20,000

3) Both purchases were paid for by cheque.
4) There were no sales of equipment during the year.

REQUIRED

a) Calculate the total depreciation of equipment for 2022 to be showed in the statement of profit or loss for the year ending 31 August 2022. (7 marks)

b) Make the entries required to record the above transactions in Nazrin's ledger accounts below and balance-off the accounts at the end of 31 August 2022.
   i) Equipment account (5 marks)
   ii) Accumulated provision for depreciation of equipment account (4 marks)

c) State the amount of cost, accumulated depreciation and net book value of equipment to be showed in statement of financial position as at 31 August 2022. (4 marks)

(Total 25 marks)

Continued...

QUESTION 2

Part A

On 1 October 2021 MMU Sports Club had RM5,000 in the bank, equipment which had cost RM3,000 and an inventory in the snack bar which had cost RM300. At that date members owed the club subscriptions of RM100 and the club owed RM200 for rent.

The treasurer provided the following receipts and payments information relating to the year ending 30 September 2022.

	RM
Insurance	600
Rent	1,000
Snack bar sales	3,000
Snack bar purchases	2,000
Subscriptions from members	6,000
General expenses	500
Printing and stationery	200
Purchase of new equipment	4,000
Sale of old equipment	700

Additional information:
1) All receipts were paid into the bank and all payments were made by cheque.
2) On 30 September 2022 the club had prepaid the insurance by RM100 and members had paid subscriptions in advance of RM150.

REQUIRED

a) Prepare the receipts and payments account of MMU Sports Club for the year ending 30 September 2022. (6 marks)

b) Prepare the subscription account and balance-off the account at the end of 30 September 2022. (3 marks)

c) Prepare the snack bar trading account for the year ending 30 September 2022. (3 marks)

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QUESTION 2

Part B

Akmal and Arjun are in partnership. Their partnership agreement provides that:
1) Partners are entitled to interest on their fixed capitals at 5% per annum.
2) Partners' loan to partnership carry interest at 10% per annum.
3) Arjun is to receive a salary of RM24,000 a year.
4) Profits and losses are shared, Akmal 3/5, Arjun 2/5.

For the financial year ending 30 September 2022, balances in the partnership's books after the Trading Account was prepared included the following.

	Debit RM	Credit RM
Capital accounts, 1 October 2022: Akmal		30,000
Arjun		20,000
Non-current assets at cost	40,000	
Gross profit for the year		100,000
Insurance	4,000	
General expenses	5,000	
Rent	1,000	2,000

You are given the following further information.
1) On 30 September 2022:
   Insurance prepaid was RM1,000
   General expenses accrued were RM2,000
2) Depreciation on non-current assets is to be provided at 10% per annum on cost.
3) On 1 October 2021 Akmal made a loan of RM10,000 to the partnership. No loan interest was paid to Akmal in the year ending 30 September 2022.

REQUIRED

Prepare the partnership's statement of profit or loss and appropriation for the year ending 30 September 2022. (13 marks)

(Total 25 marks)

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QUESTION 3

The trial balance of Elvi Corporation at 30 November 2021 was as follows:

	Debit RM	Credit RM
Revenue		105,000
Inventory at 1 December 2020	3,000	
Purchases	60,000	
Discounts	4,000	5,000
Rent and rates	10,000	
Operating expenses	11,000	
Salaries	25,000	
Equipment at cost	40,000	
Accumulated provision for depreciation of equipment		18,000
Trade receivables	10,000	
Allowance for doubtful debts		1,000
Bank	40,000	
Trade payables		12,000
Ordinary share capital		60,000
General reserve		3,000
Retained earnings		1,000
Dividend paid on ordinary shares	2,000	
	205,000	205,000

Additional information:

1) Inventory on 30 November 2021 was valued at RM13,000.
2) Accrued operating expenses on 30 November 2021 were RM500.
3) Rent includes a payment of RM3,000 for the 3 months from 1 October 2021 to 31 December 2021.
4) Depreciation on equipment is to be charged at 25% per annum using the reducing balance method.
5) No dividends were outstanding on 30 November 2021.
6) RM1,000 is to be transferred to the general reserve on 30 November 2021.

REQUIRED

a) Prepare the statement of profit or loss for Elvi Corporation for the year ending 30 November 2021. (17 marks)

b) Prepare the statement of changes in equity for Elvi Corporation for the year ending 30 November 2021. (8 marks)

(Total 25 marks)

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QUESTION 4

Part A

Indicate each of the following items as either cash inflow or cash outflow, then which part of the statement of cash flow will be affected. The first item has been completed as an example.

No.	Item	Effect on cash (inflow or outflow)	Statement of cash flow (Operating or investing or financing activities)
	Example: An increase in taxes payable	inflow	operating activity
a)	Payment of dividend on company ordinary shares		
b)	The proceeds from issuing additional loan capital		
c)	The purchase of a motor vehicle to be used in the business		
d)	Proceeds from the sale of business building		
e)	An increase in the balance of prepaid rent		
f)	An increase in the balance of trade payable		

(12 marks)

Part B

Jamie is a trader who sells household furnishings. She has provided the following information.

	RM
On 30 April 2022:	
Inventory	15,000
Trade receivables	13,000
Bank overdraft	5,000
Trade payables	7,000
For the financial year to 30 April 2022:	
Sales	110,000
Purchases	70,000
Expenses	20,000

Notes:
1) All sales and purchases are on credit.
2) Inventory as at 1 May 2021 was valued at RM13,000

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REQUIRED

Calculate the following and show your workings:

a) gross profit margin (3.5 marks)

b) net profit margin (2.5 marks)

c) inventory turnover (4 marks)

d) current ratio (3 marks)

(Total 25 marks)

End of Paper